

## After the spending review: what do we do now?

**When the chancellor announced the comprehensive spending review Martyn Allison was talking to a room full of the sport, leisure and culture sector's leading lights as part of the third Leading Learning Programme. Now, having absorbed some of the detail of the public spending cuts, he offers this assessment of the sector's future and wonders whether we have the leadership we need to steer us through the challenges we now face.**

What does the spending review mean for the sector? From my initial and quick assessment this is what it means. The spending review sets out real-terms reductions of 28% in local authority budgets over the next four years. The fall in grant is more than 7% a year in real terms and significantly front-loaded. The schools budget will increase by 0.1% in real terms each year. This includes funding for the £2.5 billion pupil premium. Sure Start will be protected in cash terms, including a new Early Intervention Grant which will be worth £2 billion by 2014/15. There is new social care funding of £530 million in 2011/12, rising to £1 billion in 2013/14, and a further £1 billion of additional funding through the NHS budget to support joint working between the NHS and councils. Local authority capital funding is cut by the equivalent of 45% over the period, compared with 29% over the whole of the public sector.

Sixteen areas have been nominated to operate community budgets ('place-based budgets') from April 2011, with the intention that all areas can take this approach from 2013. The first 16 areas are Greater Manchester (10 councils), Leicestershire, Croydon, Blackpool, Islington, Hull, Kent, Blackburn with Darwen, Bradford, Swindon, Barnet, Lewisham, Essex, Lincolnshire and Birmingham, plus a group comprising Westminster, Kensington and Chelsea, Hammersmith and Fulham and Wandsworth. The areas will decide for themselves which departmental budgets they wish to pool locally, within the broad theme of helping "families with complex needs". Other areas have already been asked whether they wish to adopt the same approach. The Department for Culture, Media and Sport (DCMS) budget has been reduced overall by 24% over four years with an expectation that the bulk of this will be met by some 40% reductions in administration costs in the department itself and the non-departmental public bodies (NDPB), 50% in the Arts Council.

The budget of Sport England has been reduced by 33%. Funding for national governing bodies of sport (NGB) will be protected till 2013 subject to contracted performance after which new funding would be reduced by no more than 15%. Funding for other national partners – English Federation of Disability Sport, SkillsActive UK Sporting Equals, SportsCoach UK, StreetGames, Volunteering England, the Women's Sport and Fitness Foundation – will be reduced by 30% over four years. Lottery funding for county sports partnerships is likely to continue for the next three years but the Department for Education (DfE) has announced that it is no longer providing ring-fenced funding for school sport partnerships and associated initiatives. The UK Sport budget has been reduced by 28%.

The Arts Council budget has been reduced by 29%. For their regularly funded bodies this is likely to mean an immediate reduction next year followed by new application process for funding agreements starting in 2012. A number of these arts bodies are jointly funded by councils and could therefore face significant reductions over the next few years. The Museums Libraries and Archives Council (MLA), which is to be abolished by March 2012, has not yet published its budget for next year but Renaissance, which will remain as a programme, is being reduced by around 15% over four years. VisitBritain's budget has been reduced by 34% and the English Heritage budget has been reduced by 32%. We await news on Play England.

Other headlines include: provision for a safe and successful Olympic and Paralympic Games in 2012 by maintaining a public sector funding package of £9.3 billion; continuing to reform lottery funding to ensure more money goes to support projects in the arts, sport and heritage, allocating 60% of lottery funding to these causes and 40% to the voluntary and community sector; a total of £530 million will be invested over the spending review period to support the UK's broadband network, benefiting around two million households, including in some of the most remote areas of the UK; Funding for the Creative Partnerships programme will end; and the DCMS will be axing funding from the Commission for Architecture and the Built Environment (CABE), one of the bodies whose future had yet to be decided.



What will be the reaction among the public to cuts to services?

**“As leaders all of us must be bold and confident about defining our common purpose as making peoples lives better and setting a vision to deliver these outcomes by defining the difference we can make to people's lives and places in which they live. There are opportunities in the spending review to do this and we must take them.”**

To date these are the headlines but I am sure there will be other impacts scattered across the spending review that will affect other parts of the sector. What then are the big opportunities and threats? First, the potential loss of activities and services will certainly raise the profile of what we do and we will find out what our communities value and what they don't, which will provide a real basis for evidenced-based advocacy. Second, the need to be more productive must surely force us to work more collaboratively, get out of our silos and be prepared to do things differently. Third, we can use all our experience and relationships across thousands of volunteers and community organisations to demonstrate we already have a 'Big Society' but with a little bit of support and encouragement we can do more.

Fourth and most important, there is a huge opportunity to fundamentally shift once and for all the focus of the sector to delivering better outcomes. This can be achieved through: community budgets; the switch of public health to councils and the potential of GP commissioning; the need for social care providers to deliver greater independence for older and vulnerable people, and service personalisation, more efficiently; and the need to fill the potential vacuum left in schools by the loss of school sport partnerships and creative partnerships by generating new commissioned relationships.

So what are we going to do about it? It is certainly going to mean that dreaded word 'change' but it is not as if we didn't know this was coming; it is not that we had no idea of the scale of the reductions and yet it feels as if people have been waiting for this moment before they can start planning the future. This has not been the case everywhere. Many organisations have been making plans, looking at options and the implications. Some councils, such as Suffolk, Barnet and Lambeth, have done some interesting thinking about the future, offering their residents some very radical and very different visions for how public services will be provided in the future.

But the challenge is not just that there is less money. The whole landscape of government is changing and, to coin a phrase, "the plates really are shifting". Regional development agencies (RDA) and government offices are going, MLA is going, Sport England and UK Sport are coming together, the Audit Commission is going, the comprehensive area assessment (CAA) has gone, national indicators are going, local area agreements are left to local choice. Words such as 'localism', 'devolution', 'rolling back the state' and 'taking out the middle men' are now common language as councils, schools, hospitals, GPs and individuals welcome new-found freedoms to define their own priorities and be accountable to their local communities rather than respond to the targets set by central government. 'Community budgets' based on the ideas of 'total place' are to be piloted as a further development of collaborative working towards better outcomes. And Audit Commission inspectors will be replaced by a new army of 'armchair inspectors' as greater transparency will make our achievements, performance and efficiency open to scrutiny by local people and communities on the net.

Making sense of these changes will be a challenge for the culture and sport sector. For some it will be all too easy to revert to victim mode and simply accept they must bear the lion's share of the cuts. "We always have been undervalued and this will just prove it," I can hear them say. I fear that many will continue to live with the uncertainty and simply wait quietly to be told their fate but if there ever was a time for some leadership that time is now. Our future leaders within the Leading Learning Programme are optimistic about the future of the sector and have articulated a real purpose and vision for the sector while they are learning new skills of leadership. But what about others: are they up for this? Leadership is the ability to establish a direction, the ability to align people and resources to that direction, to motivate people to achieve it and to make the organisation fit for purpose to deliver it.

The art of good leadership depends on being able to paint a realistic and believable picture of what things will look like on the other side of the change. Our users, communities, staff and our elected members will look to us as leaders to describe where we are now heading. I really do believe that over the next few years there will be a mounting realisation that culture and sport can play a significant and valued role in helping tackle the major economic and social challenges of improving health, supporting independent living for an increasing older population, providing better outcomes for our children and young people, generating economic growth, protecting the environment, and supporting individuals and communities, whether we all recognise this as building a 'bigger society' or not. As leaders all of us must be bold and confident about defining our common purpose as making people's lives better and setting a vision to deliver these outcomes by defining the difference we can make to people's lives and places in which they live. There are opportunities in the spending review to do this and we must take them.

But we must do this as a sector not a collection of competing services. The power of our vision is that the sector is a family of complementary passions, skills and experience which individually can have some impact but collectively can have a major impact. With 30% less resource and capacity it is only by pooling budgets, sharing assets and working collaboratively that this vision can be achieved. We must take the opportunity to get actively involved in the 16 community budget pilots and any other similar initiatives from the outset. We must use the opportunity presented by increases in national lottery funding to help build a 'bigger society'. We must use the transfer of public health to councils and the additional funding for social care to show how we can be commissioned to deliver better and more efficient outcomes.



Martyn Allison: issuing a challenge to the sector

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We must take the opportunity to fill the vacuum created by the demise of creative partnerships and school sport partnerships to re-engineer commissioned-based relationships with schools. But I believe that we can only achieve this vision if we deal once and for all with the fragmentation of the sector.

Most of us recognise personality-based motivational leadership but this will not be enough. Over coming months our staff and members will want and expect competent leaders. They will want leaders who can deliver change quickly and effectively, create new mechanisms to deliver the vision and get them beyond the uncertainty. Leaders who do this will motivate those around them; those that don't will add to the de-motivation that already exists.

We must now focus on building organisational competence, organisations that are both efficient and effective, organisations that are fit for purpose in this new world we inhabit. We will need to be open to new ways of working and above all we will need to take seriously the need to build the capacity of our many voluntary and community-based partners to help us. This is not the time or the place to go into detail about improving productivity, new delivery models, commissioning, performance management, building third sector capacity and my usual ramblings on improvement but I do think it is the place to highlight what I think are the two critical success factors for the next four years. The first is competence and capability. The second is innovation and step change.

In terms of leadership and management competency in the sector I believe there remains not so much a skills gap as a skills schism. While management capability has improved over the last five years in many places (not all) it is not resilient enough to deal with the challenges ahead. I think this is particularly the case in district councils and in many of our third sector organisations who will now find they are receiving less 'grant aid' and will need to seek new funding opportunities particularly through commissioning. I believe our professional bodies have failed to do enough to equip their members for the changes they now face and must urgently do more to address this skills gap. I believe they need to be much more open to collaboration and the National Culture Forum (NCF) must step into a stronger leadership role in facilitating the skills development process. A new professional body for sport presents a unique opportunity to address this challenge but it will need to move fast and not be deflected from making this their first priority. What is left of the non-departmental public bodies must work with the NCF to help build the capacity needed, particularly in our third sector partners. Improving organisational capacity and capability must remain one of their top priorities.

The second is the necessity to promote innovation and step change in what we do and how we do it. Always doing what we have always done will not get us through the next few years. Doing things differently and taking some risks may just create the impetus for change we need to get us through. People have heard me use the phrase a lot recently but I really do mean it: we really must not waste the opportunity of this crisis to position culture and sport at the very heart of future public service delivery and get it fit for this purpose. It is up to us all to rise to the challenge.

**Martyn Allison is national adviser culture & sport at Local Government Improvement & Development.**

**Is Martyn right? If you have any comment on this article or the future of the sport, leisure and culture sector please contribute to the debate. Email the editor via the contact page.**

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